



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0165	Title:	Statutory appropriation for wildfire emergencies
Primary Sponsor:	Vincent, Chas	Status:	As Introduced-Revised

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:					
General Fund	\$0	\$1,649,000	\$1,649,000	\$1,649,000	\$9,934,000
State Special Revenue	\$0	\$10,400,000	\$10,400,000	\$10,400,000	\$8,400,000
Revenue:					
General Fund	(\$32,915,000)	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0	\$8,285,000
Net Impact-General Fund Balance	<u>(\$32,915,000)</u>	<u>(\$1,649,000)</u>	<u>(\$1,649,000)</u>	<u>(\$1,649,000)</u>	<u>(\$9,934,000)</u>

Description of fiscal impact:

HB 165 increases the Governor's Emergency fund established in 10-3-312, MCA, from \$16 million to \$21 million in any biennium. The bill also transfers from the general fund to the fire suppression account established in 76-13-150, MCA, the amount necessary to achieve a \$10 million fund balance each year, removes the sunset on the fire suppression fund, and allows expenditures on fuel mitigation dependent upon the fund balance in the fire suppression fund.

FISCAL ANALYSIS

Assumptions:

1. The bill removes the sunset on the fire suppression fund. The estimated fund balance at the end of FY 2009 will be approximately \$32.915 million. Under current law, this balance will revert to the general fund at the end of FY 2009. Under HB 165, the money will remain in the state special revenue fund.
2. The 5 year adjusted average annual fire suppression cost (net of federal reimbursements) is \$17.7 million. The 5 year adjusted average of fire suppression costs paid from the Governor's emergency appropriation is \$9.3 million.
3. Under this bill, there would be two resources available to fund fire suppression costs (both are statutorily appropriated): (1) the fire suppression fund (state special revenue) and (2) the Governor's emergency appropriation (general fund).

4. The 5-year fire cost average will change over time depending upon fire seasons. However, for purposes of this fiscal note, it is assumed that the 5-year average of costs eligible to be paid from the Governor's emergency appropriation will be paid from that source and the remaining expenditures will be paid from the fire suppression fund.
5. In addition, the average annual cost for non-fire emergencies paid from the Governor's emergency appropriation is \$349,000. It is assumed that this level of expenditures would continue.
6. The assumed annual costs paid from the Governor's emergency appropriation for fires and other emergencies would be \$9.649 million or \$19.298 million per biennium. The bill increases the Governor's emergency appropriation from \$16 million per biennium to \$21 million per biennium. The \$16 million emergency appropriation is already accounted for in the 2011 biennium Executive Budget, therefore only the amount above \$16 million, \$1.649 million annually is shown in the expenditure tables that follow.
7. If the balance in the Fire Suppression Account at the end of a fiscal year is equal to or greater than \$2 million, then the Department of Natural Resources and Conservation (DNRC) may expend up to \$2 million in the ensuing fiscal year for grants of a fire suppression nature. This fiscal note assumes all available revenue up to the \$2 million will be used.
8. The following table summarizes the estimated activity in the fire suppression fund based upon assumptions 1 thru 7.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Beginning Balance		\$32,915,000	\$22,515,000	\$12,115,000	\$1,715,000	\$1,600,000
GF Transfer Revenue		\$0	\$0	\$0	\$8,285,000	\$8,400,000
Fire Suppression Exp		(\$8,400,000)	(\$8,400,000)	(\$8,400,000)	(\$8,400,000)	(\$8,400,000)
Fuel Mitigation Exp		(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	\$0	\$0
Ending Balance	\$32,915,000	\$22,515,000	\$12,115,000	\$1,715,000	\$1,600,000	\$1,600,000

9. For the purpose of this fiscal note, no funds from restitution by private parties or interest earnings are included, however, it is understood there will be some revenue from these sources.
10. 17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>Yes</u>	<u>No</u>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.	X	
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.	X	
f. Other than for emergency purposes, it does not appropriate money from the state general fund.	X	
g. The money is dedicated for a specific use.	X	
h. The legislature wishes the activity to be funded on a continual basis.	X	
i. When feasible, an expenditure cap and sunset date are included.		X

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>					
<u>Expenditures:</u>					
Operating Expenses (Fires)	\$0	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000
Operating Expenses (Other Em	\$0	\$349,000	\$349,000	\$349,000	\$349,000
Grant (Fuel Mitigation)	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$0
Transfers	\$0	\$0	\$0	\$0	\$8,285,000
TOTAL Expenditures	\$0	\$12,049,000	\$12,049,000	\$12,049,000	\$18,334,000
<u>Funding of Expenditures:</u>					
General Fund (01)	\$0	\$1,649,000	\$1,649,000	\$1,649,000	\$9,934,000
State Special Revenue (02)	\$0	\$10,400,000	\$10,400,000	\$10,400,000	\$8,400,000
TOTAL Funding of Exp.	\$0	\$12,049,000	\$12,049,000	\$12,049,000	\$18,334,000
<u>Revenues:</u>					
General Fund (01)	(\$32,915,000)	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$32,915,000)	(\$1,649,000)	(\$1,649,000)	(\$1,649,000)	(\$9,934,000)
State Special Revenue (02)	\$0	(\$10,400,000)	(\$10,400,000)	(\$10,400,000)	(\$8,400,000)

Long-Term Impacts:

The transfer from the general fund to the state special revenue fire suppression fund is estimated to be between \$8 and \$10 million per year in FY 2014 and beyond.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date